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### **LAB AFFIRMS INITIAL DWD FINDINGS - DWD Places Additional Oversight on OIC-GM**

Today Wisconsin Department of Workforce Development (DWD) Secretary Roberta Gassman said that DWD had reviewed the Legislative Audit Bureau's (LAB) new financial review of Opportunities Industrialization Center of Greater Milwaukee, Inc.'s (OIC-GM) operation of the W-2 program and has concluded that the review affirms DWD's recent findings regarding the need for strong improvements in the fiscal management and operation of the W-2 program in Regions 1, 3, and 4 of Milwaukee.

"DWD has continuing concerns about OIC-GM's management of the W-2 program in three W-2 regions of Milwaukee and is taking additional steps to assure that the needs of the program, the participants and the public are protected," said Gassman.

On September 21, DWD required OIC-GM to submit a Corrective Action Plan to address their weak program, financial and management practices and procedures.

Given OIC-GM's responses to DWD's concerns, as well as LAB's new findings, DWD will implement the following contract changes to ensure quality service delivery of the W-2 program in the second year of our W-2 contract with OIC-GM for services in Milwaukee Regions 1, 3, and 4:

1. DWD will require that an outside accounting entity be engaged to oversee all fiscal management aspects of the W-2 program in Regions 1, 3 and 4;
2. DWD will reallocate DWD staff to Regions 1, 3, and 4 to increase DWD's program management oversight of all W-2 operations on site; and,
3. DWD will require the continued presence of a special monitor to ensure that all OIC-GM transition duties are implemented during the second year of the contract.

If, after further review, DWD finds that OIC-GM, even with these changes, will not have the capacity to successfully manage all three W-2 regions next year, DWD will take additional steps to reorganize its contract arrangements further with OIC-GM.

"We want to go forward in the best interest of W-2 participants, the public and OIC-GM," Secretary Gassman said.

For the past year DWD has been engaged in an aggressive effort to assure that OIC-GM provides the best possible W-2 services to its participants in a manner that finds jobs for recipients in the most cost-effective manner.

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DWD began its intensive review of OIC-GM practices following charges last November regarding kickbacks from OIC-GM and improper use of public W-2 funds.

DWD has communicated to OIC-GM numerous times during 2004 (see following chronology), and has identified a number of areas of continuing deficiency by OIC-GM:

- Inadequate program operations and management;
- Growing caseloads with limited workforce attachment actions;
- Performance standards not being met;
- Improper administrative and fiscal procedures; and,
- Lack of responsiveness to requests by the Department and outside auditors.

DWD is charged with overseeing the W-2 program, which involves substantial federal and state funds for connecting low-income people to work and lives of economic self-sufficiency. W-2 is one of Wisconsin's most important programs, especially as state leaders are working hard to grow Wisconsin's economy. "While Wisconsin has experienced a positive increase in employment over the last year, we want to continue on the path of helping all of Wisconsin's citizens take part in this recovery," said Secretary Gassman.

OIC-GM has a major role in the success of the entire statewide W-2 program, particularly in the current two-year contract cycle, as their new area of responsibility increased last January from one to three W-2 regions. OIC-GM's W-2 contract currently represents 33% of the state's W-2 resources. The total caseload of W-2 participants in the three regions OIC-GM manages comprises 41% of the entire state's W-2 caseload.

DWD will be incorporating LAB's recommendations into its ongoing CAP with OIC-GM. "I very much appreciate and thank LAB and their analysis and findings on these critical issues," added Gassman.

*Attachment - Chronology of DWD Actions with OIC*